

Ways and Means Select Revenue Measures and Oversight Joint Subcommittee Hearing on
Minding the Tax Gap: Improving Tax Administration for the 21st Century
June 10, 2021

OS Ranking Member Mike Kelly Opening Statement:

Good afternoon, Mr. Chairman. Thank you for holding a hearing today on the tax gap.

I want to begin by addressing the news this week of an unacceptable and criminal leak of confidential taxpayer information to ProPublica.

ProPublica claims that it was provided “a vast trove of Internal Revenue Service data on the tax returns of thousands of the nation’s wealthiest people, covering more than 15 years.”

This shocking breach of taxpayer privacy should cause serious concern for every member of Congress and frankly for every American taxpayer.

This is the second high-profile unauthorized disclosure of taxpayer information to the press in less than a year.

If this can happen to the wealthiest Americans or even the President of the United States, it could happen to any American taxpayer.

I’d like to hear from our IRS and Treasury witnesses today about what is being done to get to the bottom of this and make sure that any IRS employee that leaked this information is prosecuted.

With that, let me turn to the tax gap and tax enforcement.

Commissioner Rettig recently cast doubt on the accuracy of the IRS tax gap estimate.

This concerns me because we need an accurate tax gap estimate to be able to make informed policy choices.

I look forward to hearing from our witnesses today about what the IRS is doing to develop a more accurate and more timely tax gap estimate.

The only way to know whether we are closing the tax gap is to have an accurate way to measure the tax gap.

I’m sure today’s hearing will also address President Biden’s tax enforcement plan.

My understanding is that the Administration wants to pour \$80 billion into the IRS over ten years for enforcement.

This will include the hiring of something like 87,000 new IRS employees over the same time period.

Every American should pay all the taxes they owe and the IRS should conduct smart and efficient tax enforcement.

But throwing \$80 billion at the problem without a clear plan or a clear demonstration that the agency can use that money effectively is not the right approach.

The Administration's claim that it will be able to audit its way to \$700 billion in new revenue over ten years sounds like fantasy land to me.

I was proud to work with the late John Lewis on reforming the IRS through the bipartisan Taxpayer First Act.

That law was designed to focus the IRS on serving American taxpayers and providing excellent customer service.

Most Americans want to pay the taxes they owe but have a hard time when questions arise and they can't get through to the IRS to get help.

We need to make it easier, which is why we required the IRS to create a customer service strategy in the bipartisan Taxpayer First Act.

The Biden plan seems to turn its back on that approach. Instead the Administration seems to want to turn back the clock by building an army of IRS agents that will seek to squeeze every dollar possible out of the American people.

It baffles me that the Administration is asking for \$80 billion for enforcement when there are over a million 2019 tax returns still unprocessed and millions more held up in error resolution.

I have constituents still waiting on refunds that they should have received a year ago. And there are millions of taxpayers across the country waiting on the IRS.

We have a taxpayer service crisis at the IRS and all the Administration can talk about is enforcement.

And of course, we need to improve IRS enforcement too.

There are smart and targeted ways we can do that.

We should work together to solve these problems just as Mr. Lewis and I worked together on the Taxpayer First Act.

A partisan spending spree is not the way to get the job done.

In closing, I want to thank our witnesses for being here today.

With that, I yield back.